

Message Text

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PAGE 01 BRASIL 04848 202117Z
ACTION COME-00

INFO OCT-01 ARA-14 ISO-00 EB-08 /023 W
-----005800 210505Z /17

R 201945Z JUN 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 7965
INFO AMCONSUL PORTO ALEGRE
AMCONSUL SAO PAULO
AMCONSUL RIO DE JANEIRO
AMCONSUL SALVADOR

UNCLAS BRASILIA 4848

FOLLOWING FROM PORTO ALEGRE

R.O. 11652: N/A
TAGS: BENC, BR
SUBJECT: MAJOR PROJECT: COPESUL PETROCHEMICALS

REF: (A) STATE 150418, (B) PORTO ALEGRE 0048, (C) SAO PAULO 0170

1. CONSULATE INFORMED FORMOSA PLASTICS DROPPED OUT VINILSUL
JOINT VENTURE BECAUSE DENIED PERMISSION IMPORT TURN KEY
PLANT FOR EARLY START-UP PRECEDING OPERATION CORE PLANT.
SIGNIFICANT FACORS DENIAL:

(1) PLANT WOULD HAVE BEEN DEPENDENT ON IMPORTED
RAW MATERIALS FOR ONE/TWO YEARS AND OVERSIZED VIS-A-VIS
CORE PLANT EVENT AFTER START-UP.

(2) PLANT OVERSIZED FOR SHORT-TERM REQUIREMENTS
BRAZILIAN MARKET. JUSTIFICATION OFFERED BY FORMOSA THAT IT
WOULD EXPORT SURPLUS PROVOKED CONCERN COMPETITORS THAT
EXCESS PRODUCTION WOULD ACTUALLY BE INTRODUCED INTO DOMESTIC
MARKET EXERTING PRESSURE DOMESTIC PRICES AND DISTURBING
CURRENT DIVISION DOMESTIC MARKET AMONG EXISTING
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MANUFACTURERS.

2. RHODIA MAJOR MULTINATIONAL CURRENTLY ATTEMPTING
ENTER INTO BREACH LEFT BY ABANDONMENT FORMOSA.
CONPETRO RESPONSIVE ARGUMENT PRESENTED BY LOCAL INDUSTRIAL
CIRCLES THAT REAL RHODIA INTENTION TO VERTICALIZE OPERATION
FROMPROCESSING PLASTIC TO PRODUCTION WIDE-RANGE PLASTIC

PRODUCTS CONTRARY PETROCHEMICAL COMPLEX MASTER PLAN BASED ON
POLITICAL AND BUSINESS COMMUNITY SUPPORT FOR THIRD STAGE MADE UP
PREFERENTIALLY OF LOCALLY CONTROLLED SMALL/MEDIJM
FIRMS WITH MINORITY FOREIGN PARTICIPATION.

3. AS RESULT ABANDONMENT FORMOSA, RELUCTANCE ACCEPT
RHODIA OFFER; CONPETRO CURRENTLY RECEPTIVE PROPOSAL
BY OTHER FIRM TO TAKE PLACE FORMOSA IN ASSOCIATION
OLVEBRA AND MONTEPIO WHICH WOULD NOT BE SUBJECT
RESERVATIONS OF EITHER THE TAIWAN OR FRENCH OFFERS,
THUS OFFERING POSSIBLE OPPORTUNITY FOR US FIRM WITH
KNOW-HOW.

4. OTHER CHANGES WILL BE REPORTED SEPTTEL.
SAYRE

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NNN

Message Attributes

Automatic Decaptioning: X
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Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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